

Local Gov. 128 Co. Law

FEB 20 1990

HOUSE FILE 2502
BY COMMITTEE ON LOCAL GOVERNMENT

Place On Calendar

(SUCCESSOR TO HSB 815)

Passed House, Date 2/26/90 (p. 636) Passed Senate, Date 3/14/90 (p. 1082)
Vote: Ayes 72 Nays 23 Vote: Ayes 44 Nays 3
Approved March 19, 1990 (p. 1225)

A BILL FOR

1 An Act relating to the issuance of bonds under the hotel and
2 motel tax and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HOUSE FILE 2502

H-5336

1 Amend House File 2502 as follows:
2 1. Page 1, by inserting before line 1, the
3 following:
4 "Section 1. Section 422A.2, subsection 4,
5 paragraph a, Code 1989, is amended by adding the
6 following new unnumbered paragraph:
7 NEW UNNUMBERED PARAGRAPH. Any private for profit
8 or nonprofit entity which has been approved for or is
9 a recipient of these funds must submit to the
10 appropriate local governing body a full financial
11 disclosure statement which shall be available for
12 public inspection. The statement must be updated and
13 submitted each July 1 of a fiscal year for which the
14 private entity receives these funds."
15 2. By renumbering as necessary.

By METCALF of Polk

H-5336 FILED FEBRUARY 23, 1990

w/o 2/26 (p. 636)

HF 2502

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1 Section 1. Section 422A.2, subsection 4, paragraph f, Code
2 1989, is amended by striking the paragraph and inserting in
3 lieu thereof the following:

4 f. A city or county acting on behalf of an unincorporated
5 area may, in lieu of calling an election, institute
6 proceedings for the issuance of bonds under this section by
7 causing a notice of the proposal to issue the bonds, including
8 a statement of the amount and purpose of the bonds, together
9 with the maximum rate of interest which the bonds are to bear,
10 and the right to petition for an election, to be published at
11 least once in a newspaper of general circulation within the
12 city or unincorporated area at least ten days prior to the
13 meeting at which it is proposed to take action for the
14 issuance of the bonds.

15 If at any time before the date fixed for taking action for
16 the issuance of the bonds, a petition signed by three percent
17 of the qualified electors of the city or unincorporated area,
18 asking that the question of issuing the bonds be submitted to
19 the qualified electors of the city or unincorporated area, the
20 council or board of supervisors acting on behalf of an
21 unincorporated area shall either by resolution declare the
22 proposal to issue the bonds to have been abandoned or shall
23 direct the county commissioner of elections to call a special
24 election upon the question of issuing the bonds.

25 The proposition of issuing bonds under this section is not
26 approved unless the vote in favor of the proposition is equal
27 to a majority of the vote cast.

28 If no petition is filed, or if a petition is filed and the
29 proposition of issuing the bonds is approved at an election,
30 the council or board of supervisors acting on behalf of an
31 unincorporated area may proceed with the authorization and
32 issuance of the bonds.

33 Bonds may be issued for the purpose of refunding
34 outstanding and previously issued bonds under this subsection
35 without otherwise complying with this paragraph.

1 Sec. 2.

2 This Act, being deemed of immediate importance, takes
3 effect upon enactment.

4 EXPLANATION

5 This bill provides for a city or county acting on behalf of
6 an unincorporated area to issue bonds under the hotel and
7 motel tax law in lieu of approval by an election. However,
8 the bill provides a procedure for an election on the question
9 of issuing bonds if a petition is signed by 3 percent of the
10 qualified voters of the city or unincorporated area. The bill
11 provides that in the event an election is called, the question
12 of issuing bonds must receive a majority of the votes cast in
13 order to be approved. The bill takes immediate effect upon
14 enactment.

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HOUSE FILE 2502

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Amend House File 2502, as passed by the House, as follows:

1. By striking everything after the enacting clause and inserting the following:

"Section 1. Section 331.301, subsection 10, Code Supplement 1989, is amended by striking the subsection and inserting in lieu thereof the following:

10. A county may enter into leases or lease-purchase contracts for real and personal property in accordance with the following terms and procedures:

a. A county shall lease or lease-purchase real or personal property only for a term which does not exceed the economic life of the property, as determined by the board.

b. A lease or lease-purchase contract entered into by a county may contain provisions similar to those sometimes found in leases between private parties, including the obligation of the lessee to pay any of the costs of operation or ownership of the leased property, and the right to purchase the leased property.

c. A provision of a lease or lease-purchase contract which stipulates that a portion of the rent payments be applied as interest is subject to chapter 74A. Other laws relating to interest rates do not apply. Chapter 75 shall not be applicable. A county enterprise is a separate entity under the provisions of this section whether it is governed by the board or another governing body.

d. The board must follow substantially the same authorization procedure required for the issuance of general obligation bonds issued for the same purpose to authorize a lease or a lease-purchase contract made payable from the debt service fund.

e. The board may authorize a lease or lease-purchase contract which is payable from the general fund and which would not cause the total of annual lease and lease-purchase payments of the county due from the general fund of the county in any future year for lease or lease-purchase contracts in force on the date of the authorization, excluding payments to exercise purchase options or to pay the expenses of operation or ownership of the property, to exceed ten percent of the last certified general fund budget amount in accordance with the following procedures:

(1) The board must follow substantially the authorization procedures of section 331.443 to authorize a lease or lease-purchase contract for real property which is payable from the general fund if the principal amount of the lease or lease-purchase

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1 contract does not exceed the following limits:

2 (a) Two hundred thousand dollars in a county
3 having a population of twenty-five thousand or less.

4 (b) Two hundred fifty thousand dollars in a county
5 having a population of more than twenty-five thousand
6 but not more than fifty thousand.

7 (c) Three hundred thousand dollars in a county
8 having a population of more than fifty thousand but
9 not more than one hundred thousand.

10 (d) Four hundred thousand dollars in a county
11 having a population of more than one hundred thousand
12 but not more than two hundred thousand.

13 (e) Five hundred thousand dollars in a county
14 having a population of more than two hundred thousand.

15 (2) The board must follow the following procedures
16 to authorize a lease or lease-purchase contract for
17 real property which is payable from the general fund
18 if the principal amount of the lease or lease-purchase
19 contract exceeds the limits set forth in subparagraph
20 (1):

21 (a) The board must institute proceedings for
22 entering into a lease or lease-purchase contract by
23 causing a notice of the proposal to enter such lease
24 or lease-purchase contract, including a statement of
25 the principal amount and purpose of the lease or
26 lease-purchase, and the right to petition for an
27 election, to be published as provided in section
28 331.305 at least ten days prior to the meeting at
29 which it is proposed to take such action.

30 (b) If at any time before the date fixed for
31 taking such action a petition is filed with the
32 auditor in the manner provided by section 331.306
33 asking that the question of entering into such lease
34 or lease-purchase contract be submitted to the
35 qualified electors of the county, the board shall
36 either by resolution declare the proposal to enter
37 into such lease or lease-purchase contract to have
38 been abandoned or shall direct the county commissioner
39 of elections to call a special election upon the
40 question of entering into such lease or lease-purchase
41 contract. However, for purposes of this paragraph the
42 petition need not have signatures in excess of one
43 thousand persons. Notice of the election and its
44 conduct shall be in the manner provided in subsections
45 2, 3, and 4 of section 331.442.

46 (c) If no petition is filed, or if a petition is
47 filed and the proposition of entering into a lease or
48 lease-purchase contract is approved at the election,
49 the board may proceed and enter into such lease or
50 lease-purchase contract.

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1 (d) The governing body may authorize a lease or
2 lease-purchase contract payable from the net revenues
3 of a county enterprise, or combined county enterprise
4 by following the authorization procedures of section
5 331.464.

6 (e) A lease or lease-purchase contract to which a
7 county is a party or in which a county has a
8 participatory interest, is an obligation of a
9 political subdivision of this state for the purposes
10 of chapters 502 and 682, and is a lawful investment
11 for banks, trust companies, building and loan
12 associations, savings and loan associations,
13 investment companies, insurance companies, insurance
14 associations, executors, guardians, trustees, and any
15 other fiduciaries responsible for the investment of
16 funds.

17 (f) Property that is lease-purchased by a county
18 is exempt under section 427.1, subsection 2.

19 (g) A contract for construction by a private party
20 of property to be leased or lease-purchased by a
21 county is not a contract for a public improvement
22 under section 331.341, subsection 1. However, if a
23 lease-purchase contract is funded in advance by means
24 of the lessor depositing moneys to be administered by
25 a county, with the county's obligation to make rent
26 payments commencing with its receipt of moneys, a
contract for construction of the property in question
awarded by the county is a public improvement and is
29 subject to section 331.341, subsection 1.

30 Sec. 2. section 331.402, subsection 3, Code 1989,
31 is amended by striking the subsection and inserting in
32 lieu thereof the following:

33 3. A county may enter into loan agreements to
34 borrow money for any public purpose in accordance with
35 the following terms and procedures:

36 a. A loan agreement entered into by a county may
37 contain provisions similar to those sometimes found in
38 loan agreements between private parties, including the
39 issuance of notes to evidence its obligations.

40 b. A provision of a loan agreement which
41 stipulates that a portion of the payments be applied
42 as interest is subject to chapter 74A. Other laws
43 relating to interest rates do not apply. Chapter 75
44 is not applicable. A county enterprise is a separate
45 entity under the provisions of this section whether it
46 is governed by the board or another governing body.

47 c. The board shall follow substantially the same
48 authorization procedure required for the issuance of
49 general obligation bonds issued for the same purpose,
50 to authorize a loan agreement made payable from the

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1 debt service fund.

2 d. The board may authorize a loan agreement which
3 is payable from the general fund and which would not
4 cause the total of scheduled annual payments of
5 principal or interest or both principal and interest
6 of the county due from the general fund of the county
7 in any future year with respect to all loan agreements
8 in force on the date of the authorization to exceed
9 ten percent of the last certified general fund budget
10 amount in accordance with the following procedures:

11 (1) The board must follow substantially the
12 authorization procedures of section 331.443 to
13 authorize a loan agreement for real property which is
14 payable from the general fund if the principal amount
15 of the loan agreement does not exceed the following
16 limits:

17 (a) Two hundred thousand dollars in a county
18 having a population of twenty-five thousand or less.

19 (b) Two hundred fifty thousand dollars in a county
20 having a population of more than twenty-five thousand
21 but not more than fifty thousand.

22 (c) Three hundred thousand dollars in a county
23 having a population of more than fifty thousand but
24 not more than one hundred thousand.

25 (d) Four hundred thousand dollars in a county
26 having a population of more than one hundred thousand
27 but not more than two hundred thousand.

28 (e) Five hundred thousand dollars in a county
29 having a population of more than two hundred thousand.

30 (2) The board must follow the following procedures
31 to authorize a loan agreement for real property which
32 is payable from the general fund if the principal
33 amount of the loan agreement exceeds the limits set
34 forth in subparagraph (1):

35 (a) The board must institute proceedings for
36 entering into a loan agreement by causing a notice of
37 the proposal to enter into such loan agreement,
38 including a statement of the principal amount and
39 purpose of the loan agreement, and the right to
40 petition for an election, to be published as provided
41 in section 331.305 at least ten days prior to the
42 meeting at which it is proposed to take such action.

43 (b) If at any time before the date fixed for
44 taking such action a petition is filed with the
45 auditor in the manner provided by section 331.306
46 asking the question of entering into such loan
47 agreement be submitted to the qualified electors of
48 the county, the board shall either by resolution
49 declare the proposal to enter into such loan agreement
50 to have been abandoned or shall direct the county

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1 commissioner of elections to call a special election
2 upon the question of entering into such loan
3 agreement. However, for purposes of this paragraph
4 the petition need not have signatures in excess of one
5 thousand persons. Notice of the election and its
6 conduct shall be in the manner provided in subsections
7 2, 3, and 4 of section 331.442.

8 (c) If no petition is filed, or if a petition is
9 filed and the proposition of entering into the loan
10 agreement is approved at an election, the board may
11 proceed and enter into such loan agreement.

12 (d) The governing body may authorize a loan
13 agreement payable from the net revenues of a county
14 enterprise or combined county enterprise by following
15 the authorization procedures of section 331.464.

16 (e) A loan agreement to which a county is a party
17 or in which a county has a participatory interest, is
18 an obligation of a political subdivision of this state
19 for the purpose of chapters 502 and 682, and is a
20 lawful investment for banks, trust companies, building
21 and loan associations, savings and loan associations,
22 investment companies, insurance companies, insurance
23 associations, executors, guardians, trustees, and any
24 other fiduciaries responsible for the investment of
25 funds.

26 Sec. 3. Section 364.4, subsection 4, Code 1989, is
27 amended by striking the subsection and inserting in
28 lieu thereof the following:

29 4. Enter into leases or lease-purchase contracts
30 for real and personal property in accordance with the
31 following terms and procedures:

32 a. A city shall lease or lease-purchase real or
33 personal property only for a term which does not
34 exceed the economic life of the property, as
35 determined by the governing body.

36 b. A lease or lease-purchase contract entered into
37 by a city may contain provisions similar to those
38 sometimes found in leases between private parties,
39 including the obligation of the lessee to pay any of
40 the costs of operation of ownership of the leased
41 property, and the right to purchase the leased
42 property.

43 c. A provision of a lease or lease-purchase
44 contract which stipulates that a portion of the rent
45 payments be applied as interest is subject to chapter
46 74A. Other laws relating to interest rates do not
47 apply. Chapter 75 shall not be applicable. A city
48 utility or city enterprise is a separate entity under
49 the provisions of this section whether it is governed
50 by the council or another governing body.

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1 d. The governing body must follow substantially
2 the same authorization procedure required for the
3 issuance of general obligation bonds issued for the
4 same purpose to authorize a lease or a lease-purchase
5 contract made payable from the debt service fund.

6 The governing body may authorize a lease or lease-
7 purchase contract which is payable from the general
8 fund and which would not cause the total of annual
9 lease and lease-purchase payments of the city due from
10 the general fund of the city in any future year for
11 lease or lease-purchase contracts in force on the date
12 of the authorization, excluding payments to exercise
13 purchase options or to pay the expenses of operation
14 or ownership of the property, to exceed ten percent of
15 the last certified general fund budget amount in
16 accordance with the following procedures:

17 (1) The governing body must follow substantially
18 the authorization procedures of section 384.25 to
19 authorize a lease or lease-purchase contract for real
20 property which is payable from the general fund if the
21 principal amount of the lease or lease-purchase
22 contract does not exceed the following limits:

23 (a) Twenty-five thousand dollars in a city having
24 a population of five thousand or less.

25 (b) Seventy-five thousand dollars in a city having
26 a population of more than five thousand but not more
27 than seventy-five thousand.

28 (c) One hundred fifty thousand dollars in a city
29 having a population of more than seventy-five
30 thousand.

31 (2) The governing body must follow the following
32 procedures to authorize a lease or lease-purchase
33 contract for real property which is payable from the
34 general fund if the principal amount of the lease or
35 lease-purchase contract exceeds the limits set forth
36 in subparagraph (1):

37 (a) The governing body may institute proceedings
38 to enter into a lease or lease-purchase contract by
39 causing a notice of the proposal to enter into the
40 lease or lease-purchase contract, including a
41 statement of the principal amount and purpose of the
42 lease or lease-purchase contract, and the right to
43 petition for an election, to be published at least
44 once in a newspaper of general circulation within the
45 city at least ten days prior to the meeting at which
46 it is proposed to take action to enter into the lease
47 or lease-purchase contract.

48 (b) If any time before the date fixed for taking
49 action to enter into the lease or lease-purchase
50 contract, a petition is filed with the clerk of the

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1 city in the manner provided by section 362.4, asking
2 that the question of entering into the lease or lease-
3 purchase contract be submitted to the qualified
4 electors of the city, the governing body shall either
5 by resolution declare the proposal to enter into the
6 lease or lease-purchase contract to have been
7 abandoned or shall direct the county commissioner of
8 elections to call a special election upon the question
9 of entering into the lease or lease-purchase contract.
10 However, for purposes of this paragraph, the petition
11 need not have signatures in excess of one thousand
12 persons. Notice of the election and its conduct shall
13 be in the manner provided in subsections 2, 3, and 4
14 of section 384.26.

15 (c) If no petition is filed, or if a petition is
16 filed and the proposition of entering into the lease
17 or lease-purchase contract is approved at an election,
18 the governing body may proceed and enter into the
19 lease or lease-purchase contract.

20 The governing body may authorize a lease or lease-
21 purchase contract payable from the net revenues of a
22 city utility, combined utility system, city
23 enterprise, or combined city enterprise by following
24 the authorization procedures of section 384.83.

25 (d) A lease or lease-purchase contract to which a
26 city is a party or in which a city has a participatory
27 interest, is an obligation of a political subdivision
28 of this state for the purposes of chapters 502 and
29 682, and is a lawful investment for banks, trust
30 companies, building and loan associations, savings and
31 loan association, investment companies, insurance
32 companies, insurance associations, executors,
33 guardians, trustees, and any other fiduciaries
34 responsible for the investment of funds.

35 (e) Property that is lease-purchased by a city is
36 exempt under section 427.1, subsection 2.

37 (f) A contract for construction by a private party
38 of property to be leased or lease-purchased by a city
39 is not a contract for a public improvement under
40 section 384.95, subsection 1, except for purposes of
41 section 384.102. However, if a lease-purchase
42 contract is funded in advance by means of the lessor
43 depositing moneys to be administered by a city, with
44 the city's obligations to make rent payments
45 commencing with its receipt of moneys, a contract for
46 construction of the property in question awarded by
47 the city is subject to division VI of chapter 384.

48 Sec. 4. Section 384.24A, Code 1989, is amended by
49 striking the section and inserting in lieu thereof the
50 following:

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1 384.24A LOAN AGREEMENTS.

2 A city may enter into loan agreements to borrow
3 money for any public purpose in accordance with the
4 following terms and procedures:

5 1. A loan agreement entered into by a city may
6 contain provisions similar to those sometimes found in
7 loan agreements between private parties, including the
8 issuance of notes to evidence its obligations.

9 2. A provision of a loan agreement which
10 stipulates that a portion of the payments be applied
11 as interest is subject to chapter 74A. Other laws
12 relating to interest rates do not apply. Chapter 75
13 is not applicable. A city utility or city enterprise
14 is a separate entity under this section whether it is
15 governed by the council or another governing body.

16 3. The governing body shall following
17 substantially the same authorization procedure
18 required for the issuance of general obligation bonds
19 issued for the same purpose, to authorize a loan
20 agreement made payable from the debt service fund.

21 The governing body may authorize a loan agreement
22 which is payable from its general fund and which would
23 not cause the total of scheduled annual payments of
24 principal or interest or principal and interest of the
25 city due from the general fund of the city in any
26 future year with respect to all loan agreements in
27 force on the date of the authorization, to exceed ten
28 percent of the last certified general fund budget
29 amount in accordance with the following procedures:

30 (a) The governing body must follow substantially
31 the authorization procedures of section 384.25 to
32 authorize a loan agreement for real property which is
33 payable from the general fund if the principal amount
34 of the loan agreement does not exceed the following
35 limits:

36 (1) Twenty-five thousand dollars in a city having
37 a population of five thousand or less.

38 (2) Seventy-five thousand dollars in a city having
39 a population of more than five thousand but not more
40 than seventy-five thousand.

41 (3) One hundred fifty thousand dollars in a city
42 having a population of more than seventy-five
43 thousand.

44 (b) The governing body must follow the following
45 procedures to authorize a loan agreement for real
46 property which is payable from the general fund if the
47 principal amount of the loan agreement exceeds the
48 limits set forth in subparagraph (a):

49 (1) The governing body may institute proceedings
50 to enter into a loan agreement payable from its

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1 general fund by causing a notice of the proposal to
2 enter into the loan agreement, including a statement
3 of the principal amount and purpose of the loan
4 agreement, and the right to petition for an election,
5 to be published at least once in a newspaper of
6 general circulation within the city at least ten days
7 prior to the meeting at which it is proposed to take
8 action to enter into the loan agreement.

9 (2) If any time before the date fixed for taking
10 action to enter into the loan agreement, a petition is
11 filed with the clerk of the city in the manner
12 provided by section 362.4, asking that the question of
13 entering into the loan agreement be submitted to the
14 qualified electors of the city, the governing body
15 shall either by resolution declare the proposal to
16 enter into the loan agreement to have been abandoned
17 or shall direct the county commissioner of elections
18 to call a special election upon the question of
19 entering into the loan agreement. However, for
20 purposes of this paragraph, the petition need not have
21 signatures in excess of one thousand persons. Notice
22 of the election and its conduct shall be in the manner
23 provided in subsections 2, 3, and 4 of section 384.26.

24 (3) If no petition is filed, or if a petition is
25 filed and the proposition of entering into the loan
26 agreement is approved at an election, the governing
27 body may proceed and enter into the loan agreement.

28 The governing body may authorize a loan agreement
29 payable from the net revenues of a city utility,
30 combined utility system, city enterprise, or combined
31 city enterprise by following the authorization
32 procedures of section 384.83.

33 (c) A loan agreement to which a city is a party,
34 or in which the city has a participatory interest, is
35 an obligation of a political subdivision of this state
36 for the purposes of chapters 502 and 682, and is a
37 lawful investment for banks, trust companies, building
38 and loan associations, savings and loan associations,
39 investment companies, insurance companies, insurance
40 associations, executors, guardians, trustees, and any
41 other fiduciaries responsible for the investment of
42 funds.

43 Sec. 5.

44 This Act is applicable to a lease, lease-purchase,
45 or loan agreement entered into on or after July 1,
46 1990."

47 2. Title page, by striking lines 1 and 2 and
48 inserting the following: "An Act relating to the
49 right of cities and counties to enter into lease,
50 lease-purchase, or loan agreements by requiring

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1 election under certain conditions for real property
2 and providing an applicability date."

By JOHN W. JENSEN

RICHARD VANDE HOEF

S-5491 FILED MARCH 14, 1990

WITHDRAWN (p. 1022)

HOUSE FILE 2502

S-5497

1 Amend House File 2502, as passed by the House, as
2 follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 331.301, subsection 10, Code
6 Supplement 1989, is amended by striking the subsection
7 and inserting in lieu thereof the following:

8 10. A county may enter into leases or lease-
9 purchase contracts for real and personal property in
10 accordance with the following terms and procedures:

11 a. A county shall lease or lease-purchase real or
12 personal property only for a term which does not
13 exceed the economic life of the property, as
14 determined by the board.

15 b. A lease or lease-purchase contract entered into
16 by a county may contain provisions similar to those
17 sometimes found in leases between private parties,
18 including the obligation of the lessee to pay any of
19 the costs of operation or ownership of the leased
20 property, and the right to purchase the leased
21 property.

22 c. A provision of a lease or lease-purchase
23 contract which stipulates that a portion of the rent
24 payments be applied as interest is subject to chapter
25 74A. Other laws relating to interest rates do not
26 apply. Chapter 75 shall not be applicable. A county
27 enterprise is a separate entity under the provisions
28 of this section whether it is governed by the board or
29 another governing body.

30 d. The board must follow substantially the same
31 authorization procedure required for the issuance of
32 general obligation bonds issued for the same purpose
33 to authorize a lease or a lease-purchase contract made
34 payable from the debt service fund.

35 e. The board may authorize a lease or lease-
36 purchase contract which is payable from the general
37 fund and which would not cause the total of annual
38 lease and lease-purchase payments of the county due
39 from the general fund of the county in any future year
40 for lease or lease-purchase contracts in force on the
41 date of the authorization, excluding payments to
42 exercise purchase options or to pay the expenses of
43 operation or ownership of the property, to exceed ten
44 percent of the last certified general fund budget
45 amount in accordance with the following procedures:

46 (1) The board must follow substantially the
47 authorization procedures of section 331.443 to
48 authorize a lease or lease-purchase contract for real
49 property which is payable from the general fund if the
50 principal amount of the lease or lease-purchase

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- 1 contract does not exceed the following limits:
- 2 (a) Two hundred thousand dollars in a county
3 having a population of twenty-five thousand or less.
- 4 (b) Two hundred fifty thousand dollars in a county
5 having a population of more than twenty-five thousand
6 but not more than fifty thousand.
- 7 (c) Three hundred thousand dollars in a county
8 having a population of more than fifty thousand but
9 not more than one hundred thousand.
- 10 (d) Four hundred thousand dollars in a county
11 having a population of more than one hundred thousand
12 but not more than two hundred thousand.
- 13 (e) Five hundred thousand dollars in a county
14 having a population of more than two hundred thousand.
- 15 (2) The board must follow the following procedures
16 to authorize a lease or lease-purchase contract for
17 real property which is payable from the general fund
18 if the principal amount of the lease or lease-purchase
19 contract exceeds the limits set forth in subparagraph
20 (1):
- 21 (a) The board must institute proceedings for
22 entering into a lease or lease-purchase contract by
23 causing a notice of the proposal to enter such lease
24 or lease-purchase contract, including a statement of
25 the principal amount and purpose of the lease or
26 lease-purchase, and the right to petition for an
27 election, to be published as provided in section
28 331.305 at least ten days prior to the meeting at
29 which it is proposed to take such action.
- 30 (b) If at any time before the date fixed for
31 taking such action a petition is filed with the
32 auditor in the manner provided by section 331.306
33 asking that the question of entering into such lease
34 or lease-purchase contract be submitted to the
35 qualified electors of the county, the board shall
36 either by resolution declare the proposal to enter
37 into such lease or lease-purchase contract to have
38 been abandoned or shall direct the county commissioner
39 of elections to call a special election upon the
40 question of entering into such lease or lease-purchase
41 contract. However, for purposes of this paragraph the
42 petition need not have signatures in excess of one
43 thousand persons. Notice of the election and its
44 conduct shall be in the manner provided in subsections
45 2, 3, and 4 of section 331.442.
- 46 (c) If no petition is filed, or if a petition is
47 filed and the proposition of entering into a lease or
48 lease-purchase contract is approved at the election,
49 the board may proceed and enter into such lease or
50 lease-purchase contract.

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1 (d) The governing body may authorize a lease or
2 lease-purchase contract payable from the net revenues
3 of a county enterprise, or combined county enterprise
4 by following the authorization procedures of section
5 331.464.

6 (e) A lease or lease-purchase contract to which a
7 county is a party or in which a county has a
8 participatory interest, is an obligation of a
9 political subdivision of this state for the purposes
10 of chapters 502 and 682, and is a lawful investment
11 for banks, trust companies, building and loan
12 associations, savings and loan associations,
13 investment companies, insurance companies, insurance
14 associations, executors, guardians, trustees, and any
15 other fiduciaries responsible for the investment of
16 funds.

17 (f) Property that is lease-purchased by a county
18 is exempt under section 427.1, subsection 2.

19 (g) A contract for construction by a private party
20 of property to be leased or lease-purchased by a
21 county is not a contract for a public improvement
22 under section 331.341, subsection 1. However, if a
23 lease-purchase contract is funded in advance by means
24 of the lessor depositing moneys to be administered by
25 a county, with the county's obligation to make rent
26 payments commencing with its receipt of moneys, a
27 contract for construction of the property in question
28 awarded by the county is a public improvement and is
29 subject to section 331.341, subsection 1.

30 Sec. 2. section 331.402, subsection 3, Code 1989,
31 is amended by striking the subsection and inserting in
32 lieu thereof the following:

33 3. A county may enter into loan agreements to
34 borrow money for any public purpose in accordance with
35 the following terms and procedures:

36 a. A loan agreement entered into by a county may
37 contain provisions similar to those sometimes found in
38 loan agreements between private parties, including the
39 issuance of notes to evidence its obligations.

40 b. A provision of a loan agreement which
41 stipulates that a portion of the payments be applied
42 as interest is subject to chapter 74A. Other laws
43 relating to interest rates do not apply. Chapter 75
44 is not applicable. A county enterprise is a separate
45 entity under the provisions of this section whether it
46 is governed by the board or another governing body.

47 c. The board shall follow substantially the same
48 authorization procedure required for the issuance of
49 general obligation bonds issued for the same purpose,
50 to authorize a loan agreement made payable from the

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1 debt service fund.

2 d. The board may authorize a loan agreement which
3 is payable from the general fund and which would not
4 cause the total of scheduled annual payments of
5 principal or interest or both principal and interest
6 of the county due from the general fund of the county
7 in any future year with respect to all loan agreements
8 in force on the date of the authorization to exceed
9 ten percent of the last certified general fund budget
10 amount in accordance with the following procedures:

11 (1) The board must follow substantially the
12 authorization procedures of section 331.443 to
13 authorize a loan agreement for real property which is
14 payable from the general fund if the principal amount
15 of the loan agreement does not exceed the following
16 limits:

17 (a) Two hundred thousand dollars in a county
18 having a population of twenty-five thousand or less.

19 (b) Two hundred fifty thousand dollars in a county
20 having a population of more than twenty-five thousand
21 but not more than fifty thousand.

22 (c) Three hundred thousand dollars in a county
23 having a population of more than fifty thousand but
24 not more than one hundred thousand.

25 (d) Four hundred thousand dollars in a county
26 having a population of more than one hundred thousand
27 but not more than two hundred thousand.

28 (e) Five hundred thousand dollars in a county
29 having a population of more than two hundred thousand.

30 (2) The board must follow the following procedures
31 to authorize a loan agreement for real property which
32 is payable from the general fund if the principal
33 amount of the loan agreement exceeds the limits set
34 forth in subparagraph (1):

35 (a) The board must institute proceedings for
36 entering into a loan agreement by causing a notice of
37 the proposal to enter into such loan agreement,
38 including a statement of the principal amount and
39 purpose of the loan agreement, and the right to
40 petition for an election, to be published as provided
41 in section 331.305 at least ten days prior to the
42 meeting at which it is proposed to take such action.

43 (b) If at any time before the date fixed for
44 taking such action a petition is filed with the
45 auditor in the manner provided by section 331.306
46 asking the question of entering into such loan
47 agreement be submitted to the qualified electors of
48 the county, the board shall either by resolution
49 declare the proposal to enter into such loan agreement
50 to have been abandoned or shall direct the county

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1 commissioner of elections to call a special election
2 upon the question of entering into such loan
3 agreement. However, for purposes of this paragraph
4 the petition need not have signatures in excess of one
5 thousand persons. Notice of the election and its
6 conduct shall be in the manner provided in subsections
7 2, 3, and 4 of section 331.442.

8 (c) If no petition is filed, or if a petition is
9 filed and the proposition of entering into the loan
10 agreement is approved at an election, the board may
11 proceed and enter into such loan agreement.

12 (d) The governing body may authorize a loan
13 agreement payable from the net revenues of a county
14 enterprise or combined county enterprise by following
15 the authorization procedures of section 331.464.

16 (e) A loan agreement to which a county is a party
17 or in which a county has a participatory interest, is
18 an obligation of a political subdivision of this state
19 for the purpose of chapters 502 and 682, and is a
20 lawful investment for banks, trust companies, building
21 and loan associations, savings and loan associations,
22 investment companies, insurance companies, insurance
23 associations, executors, guardians, trustees, and any
24 other fiduciaries responsible for the investment of
25 funds.

26 Sec. 3. Section 364.4, subsection 4, Code 1989, is
27 amended by striking the subsection and inserting in
28 lieu thereof the following:

29 4. Enter into leases or lease-purchase contracts
30 for real and personal property in accordance with the
31 following terms and procedures:

32 a. A city shall lease or lease-purchase real or
33 personal property only for a term which does not
34 exceed the economic life of the property, as
35 determined by the governing body.

36 b. A lease or lease-purchase contract entered into
37 by a city may contain provisions similar to those
38 sometimes found in leases between private parties,
39 including the obligation of the lessee to pay any of
40 the costs of operation of ownership of the leased
41 property, and the right to purchase the leased
42 property.

43 c. A provision of a lease or lease-purchase
44 contract which stipulates that a portion of the rent
45 payments be applied as interest is subject to chapter
46 74A. Other laws relating to interest rates do not
47 apply. Chapter 75 shall not be applicable. A city
48 utility or city enterprise is a separate entity under
49 the provisions of this section whether it is governed
50 by the council or another governing body.

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1 d. The governing body must follow substantially
2 the same authorization procedure required for the
3 issuance of general obligation bonds issued for the
4 same purpose to authorize a lease or a lease-purchase
5 contract made payable from the debt service fund.

6 The governing body may authorize a lease or lease-
7 purchase contract which is payable from the general
8 fund and which would not cause the total of annual
9 lease and lease-purchase payments of the city due from
10 the general fund of the city in any future year for
11 lease or lease-purchase contracts in force on the date
12 of the authorization, excluding payments to exercise
13 purchase options or to pay the expenses of operation
14 or ownership of the property, to exceed ten percent of
15 the last certified general fund budget amount in
16 accordance with the following procedures:

17 (1) The governing body must follow substantially
18 the authorization procedures of section 384.25 to
19 authorize a lease or lease-purchase contract for real
20 property which is payable from the general fund if the
21 principal amount of the lease or lease-purchase
22 contract does not exceed the following limits:

23 (a) Twenty-five thousand dollars in a city having
24 a population of five thousand or less.

25 (b) Seventy-five thousand dollars in a city having
26 a population of more than five thousand but not more
27 than seventy-five thousand.

28 (c) One hundred fifty thousand dollars in a city
29 having a population of more than seventy-five
30 thousand.

31 (2) The governing body must follow the following
32 procedures to authorize a lease or lease-purchase
33 contract for real property which is payable from the
34 general fund if the principal amount of the lease or
35 lease-purchase contract exceeds the limits set forth
36 in subparagraph (1):

37 (a) The governing body may institute proceedings
38 to enter into a lease or lease-purchase contract by
39 causing a notice of the proposal to enter into the
40 lease or lease-purchase contract, including a
41 statement of the principal amount and purpose of the
42 lease or lease-purchase contract, and the right to
43 petition for an election, to be published at least
44 once in a newspaper of general circulation within the
45 city at least ten days prior to the meeting at which
46 it is proposed to take action to enter into the lease
47 or lease-purchase contract.

48 (b) If any time before the date fixed for taking
49 action to enter into the lease or lease-purchase
50 contract, a petition is filed with the clerk of the

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1 city in the manner provided by section 362.4, asking
2 that the question of entering into the lease or lease-
3 purchase contract be submitted to the qualified
4 electors of the city, the governing body shall either
5 by resolution declare the proposal to enter into the
6 lease or lease-purchase contract to have been
7 abandoned or shall direct the county commissioner of
8 elections to call a special election upon the question
9 of entering into the lease or lease-purchase contract.
10 However, for purposes of this paragraph, the petition
11 need not have signatures in excess of one thousand
12 persons. Notice of the election and its conduct shall
13 be in the manner provided in subsections 2, 3, and 4
14 of section 384.26.

15 (c) If no petition is filed, or if a petition is
16 filed and the proposition of entering into the lease
17 or lease-purchase contract is approved at an election,
18 the governing body may proceed and enter into the
19 lease or lease-purchase contract.

20 The governing body may authorize a lease or lease-
21 purchase contract payable from the net revenues of a
22 city utility, combined utility system, city
23 enterprise, or combined city enterprise by following
24 the authorization procedures of section 384.83.

25 (d) A lease or lease-purchase contract to which a
26 city is a party or in which a city has a participatory
27 interest, is an obligation of a political subdivision
28 of this state for the purposes of chapters 502 and
29 682, and is a lawful investment for banks, trust
30 companies, building and loan associations, savings and
31 loan association, investment companies, insurance
32 companies, insurance associations, executors,
33 guardians, trustees, and any other fiduciaries
34 responsible for the investment of funds.

35 (e) Property that is lease-purchased by a city is
36 exempt under section 427.1, subsection 2.

37 (f) A contract for construction by a private party
38 of property to be leased or lease-purchased by a city
39 is not a contract for a public improvement under
40 section 384.95, subsection 1, except for purposes of
41 section 384.102. However, if a lease-purchase
42 contract is funded in advance by means of the lessor
43 depositing moneys to be administered by a city, with
44 the city's obligations to make rent payments
45 commencing with its receipt of moneys, a contract for
46 construction of the property in question awarded by
47 the city is subject to division VI of chapter 384.

48 Sec. 4. Section 384.24A, Code 1989, is amended by
49 striking the section and inserting in lieu thereof the
50 following:

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1 384.24A LOAN AGREEMENTS.

2 A city may enter into loan agreements to borrow
3 money for any public purpose in accordance with the
4 following terms and procedures:

5 1. A loan agreement entered into by a city may
6 contain provisions similar to those sometimes found in
7 loan agreements between private parties, including the
8 issuance of notes to evidence its obligations.

9 2. A provision of a loan agreement which
10 stipulates that a portion of the payments be applied
11 as interest is subject to chapter 74A. Other laws
12 relating to interest rates do not apply. Chapter 75
13 is not applicable. A city utility or city enterprise
14 is a separate entity under this section whether it is
15 governed by the council or another governing body.

16 3. The governing body shall following
17 substantially the same authorization procedure
18 required for the issuance of general obligation bonds
19 issued for the same purpose, to authorize a loan
20 agreement made payable from the debt service fund.

21 The governing body may authorize a loan agreement
22 which is payable from its general fund and which would
23 not cause the total of scheduled annual payments of
24 principal or interest or principal and interest of the
25 city due from the general fund of the city in any
26 future year with respect to all loan agreements in
27 force on the date of the authorization, to exceed ten
28 percent of the last certified general fund budget
29 amount in accordance with the following procedures:

30 (a) The governing body must follow substantially
31 the authorization procedures of section 384.25 to
32 authorize a loan agreement for real property which is
33 payable from the general fund if the principal amount
34 of the loan agreement does not exceed the following
35 limits:

36 (1) Twenty-five thousand dollars in a city having
37 a population of five thousand or less.

38 (2) Seventy-five thousand dollars in a city having
39 a population of more than five thousand but not more
40 than seventy-five thousand.

41 (3) One hundred fifty thousand dollars in a city
42 having a population of more than seventy-five
43 thousand.

44 (b) The governing body must follow the following
45 procedures to authorize a loan agreement for real
46 property which is payable from the general fund if the
47 principal amount of the loan agreement exceeds the
48 limits set forth in subparagraph (a):

49 (1) The governing body may institute proceedings
50 to enter into a loan agreement payable from its

1 general fund by causing a notice of the proposal to
2 enter into the loan agreement, including a statement
3 of the principal amount and purpose of the loan
4 agreement, and the right to petition for an election,
5 to be published at least once in a newspaper of
6 general circulation within the city at least ten days
7 prior to the meeting at which it is proposed to take
8 action to enter into the loan agreement.

9 (2) If any time before the date fixed for taking
10 action to enter into the loan agreement, a petition is
11 filed with the clerk of the city in the manner
12 provided by section 362.4, asking that the question of
13 entering into the loan agreement be submitted to the
14 qualified electors of the city, the governing body
15 shall either by resolution declare the proposal to
16 enter into the loan agreement to have been abandoned
17 or shall direct the county commissioner of elections
18 to call a special election upon the question of
19 entering into the loan agreement. However, for
20 purposes of this paragraph, the petition need not have
21 signatures in excess of one thousand persons. Notice
22 of the election and its conduct shall be in the manner
23 provided in subsections 2, 3, and 4 of section 384.26.

24 (3) If no petition is filed, or if a petition is
25 filed and the proposition of entering into the loan
26 agreement is approved at an election, the governing
27 body may proceed and enter into the loan agreement.

28 The governing body may authorize a loan agreement
29 payable from the net revenues of a city utility,
30 combined utility system, city enterprise, or combined
31 city enterprise by following the authorization
32 procedures of section 384.83.

33 (c) A loan agreement to which a city is a party,
34 or in which the city has a participatory interest, is
35 an obligation of a political subdivision of this state
36 for the purposes of chapters 502 and 682, and is a
37 lawful investment for banks, trust companies, building
38 and loan associations, savings and loan associations,
39 investment companies, insurance companies, insurance
40 associations, executors, guardians, trustees, and any
41 other fiduciaries responsible for the investment of
42 funds."

43 2. Page 2, by inserting after line 3, the following:

44 "Sec. ____ . Sections 1 through 4 of this Act are
45 applicable to a lease, lease-purchase, or loan
46 agreement entered into on or after July 1, 1990."

47 3. Title page, line 1, by inserting after the
48 word "to" the following: "the right of cities and
49 counties to enter into lease, lease-purchase, or loan
50 agreements by requiring election under certain

1 conditions for real property, to"

2 4. Title page, line 2, by inserting after the
3 word "date" the following: "and providing an
4 applicability date".

By JOHN W. JENSEN
RICHARD VANDE HOEF
JULIA GENTLEMAN

HOUSE FILE 2502

BY (PROPOSED COMMITTEE ON LOCAL
GOVERNMENT BILL BY CHAIR-
PERSON FOGARTY)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the issuance of bonds under the hotel and
2 motel tax and providing an effective date.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 422A.2, subsection 4, paragraph f, Code
2 1989, is amended by striking the paragraph and inserting in
3 lieu thereof the following:

4 f. A city or county acting on behalf of an unincorporated
5 area may, in lieu of calling an election, institute
6 proceedings for the issuance of bonds under this section by
7 causing a notice of the proposal to issue the bonds, including
8 a statement of the amount and purpose of the bonds, together
9 with the maximum rate of interest which the bonds are to bear,
10 and the right to petition for an election, to be published at
11 least once in a newspaper of general circulation within the
12 city or unincorporated area at least ten days prior to the
13 meeting at which it is proposed to take action for the
14 issuance of the bonds.

15 If at any time before the date fixed for taking action for
16 the issuance of the bonds, a petition signed by three percent
17 of the qualified electors of the city or unincorporated area,
18 asking that the question of issuing the bonds be submitted to
19 the qualified electors of the city or unincorporated area, the
20 council or board of supervisors acting on behalf of an
21 unincorporated area shall either by resolution declare the
22 proposal to issue the bonds to have been abandoned or shall
23 direct the county commissioner of elections to call a special
24 election upon the question of issuing the bonds.

25 The proposition of issuing bonds under this section is not
26 approved unless the vote in favor of the proposition is equal
27 to a majority of the vote cast.

28 If no petition is filed, or if a petition is filed and the
29 proposition of issuing the bonds is approved at an election,
30 the council or board of supervisors acting on behalf of an
31 unincorporated area may proceed with the authorization and
32 issuance of the bonds.

33 Bonds may be issued for the purpose of refunding
34 outstanding and previously issued bonds under this subsection
35 without otherwise complying with this paragraph.

1 Sec. 2.

2 This Act, being deemed of immediate importance, takes
3 effect upon enactment.

4 EXPLANATION

5 This bill provides for a city or county acting on behalf of
6 an unincorporated area to issue bonds under the hotel and
7 motel tax law in lieu of approval by an election. However,
8 the bill provides a procedure for an election on the question
9 of issuing bonds if a petition is signed by 5 percent of the
10 qualified voters of the city or unincorporated area. The bill
11 provides that in the event an election is called, the question
12 of issuing bonds must receive a majority of the votes cast in
13 order to be approved. The bill takes immediate effect upon
14 enactment.

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HOUSE FILE 2502

AN ACT

RELATING TO THE ISSUANCE OF BONDS UNDER THE HOTEL AND MOTEL
TAX AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422A.2, subsection 4, paragraph f, Code 1989, is amended by striking the paragraph and inserting in lieu thereof the following:

f. A city or county acting on behalf of an unincorporated area may, in lieu of calling an election, institute proceedings for the issuance of bonds under this section by causing a notice of the proposal to issue the bonds, including a statement of the amount and purpose of the bonds, together with the maximum rate of interest which the bonds are to bear, and the right to petition for an election, to be published at least once in a newspaper of general circulation within the city or unincorporated area at least ten days prior to the meeting at which it is proposed to take action for the issuance of the bonds.

If at any time before the date fixed for taking action for the issuance of the bonds, a petition signed by three percent of the qualified electors of the city or unincorporated area, asking that the question of issuing the bonds be submitted to the qualified electors of the city or unincorporated area, the council or board of supervisors acting on behalf of an unincorporated area shall either by resolution declare the proposal to issue the bonds to have been abandoned or shall direct the county commissioner of elections to call a special election upon the question of issuing the bonds.

The proposition of issuing bonds under this section is not approved unless the vote in favor of the proposition is equal to a majority of the vote cast.

If no petition is filed, or if a petition is filed and the proposition of issuing the bonds is approved at an election, the council or board of supervisors acting on behalf of an unincorporated area may proceed with the authorization and issuance of the bonds.

Bonds may be issued for the purpose of refunding outstanding and previously issued bonds under this subsection without otherwise complying with this paragraph.

Sec. 2.

This Act, being deemed of immediate importance, takes effect upon enactment.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2502, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved March 19, 1990

TERRY E. BRANSTAD
Governor

HF 2502